

**RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL**

**OIL AND GAS DOCKET
NO. 04-0230529**

**IN THE MCALLEN RANCH (VKSBG P-
V,S CONS) FIELD, HIDALGO COUNTY,
TEXAS**

**FINAL ORDER
COMBINING VARIOUS MCALLEN RANCH FIELDS INTO A NEW FIELD,
ADOPTING A DESIGNATION OF MCALLEN RANCH (VKSBG P-V,S CONS)
FOR THE FIELD FORMED BY SUCH COMBINATION OF FIELDS
AND ADOPTING OPERATING RULES AND REGULATIONS
FOR THE MCALLEN RANCH (VKSBG P-V,S CONS) FIELD
HIDALGO COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on March 1, 2002, the presiding examiner has made and filed a report and recommendation containing findings of fact and conclusions of law, for which service was not required for which service was waived by parties of record; that the proposed application is in compliance with all statutory requirements; and that this proceeding was duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas.

The Commission, after review and due consideration of the examiner's report and recommendation, the findings of fact and conclusions of law contained therein, hereby adopts as its own the findings of fact and conclusions of law contained therein, and incorporates said findings of fact and conclusions of law as if fully set out and separately stated herein.

Therefore, it is **ORDERED** by the Railroad Commission of Texas that the fields hereinafter set out, located in Hidalgo County, Texas, be and they are hereby combined and recognized as one field, to be known as the McAllen Ranch (Vksbg P-V,S Cons) Field (No.58742 342), Hidalgo County, Texas; and all records and reports filed with the Commission will show such designation.

<u>FIELD NAME</u>	<u>FIELD NO.</u>	<u>DOCKET</u>	<u>DATE</u>
McAllen Ranch (Vicksburg P, Q)	58742 340	04-0203812	04/11/94
McAllen Ranch (Vicksburg R Cent)	58742 470	4-54,265	11/02/64
McAllen Ranch (Vicksburg R-1, R-2)	58742 564	4-56,907	11/21/66
McAllen Ranch (Vicksburg R-3)	58742 600	4-71796	05/01/79
McAllen Ranch (Vicksburg S)	58742 611	4-54,265	11/02/64
McAllen Ranch (Vicksburg S, S.)	58742 705	4-55,684	11/1/65
McAllen Ranch (Vicksburg S, SE.)	58742 752	4-54,265	11/02/64
McAllen Ranch (Vicksburg T)	58742 799	4-54,265	11/02/64
McAllen Ranch (Vicksburg T, S.)	58742 846	4-56,907	11/21/66
McAllen Ranch (Vicksburg T, SE.)	58742 893	4-54,265	11/02/64
McAllen Ranch (Vicksburg -U-V-, SE)	58742 900	4-54,265	11/02/64

All Wildcat intervals between the above listed fields.

It is further **ORDERED** by the Commission that the operating rules adopted for the individual fields as listed above, adopted under the docket numbers listed, effective on the dates listed, as amended, be and are hereby rescinded.

It is further **ORDERED** by the Commission that the operating rules as hereinafter set out, are hereby adopted for the McAllen Ranch (Vksbg P-V,S Cons) Field, Hidalgo County, Texas.

RULE 1: The entire correlative interval from 10,578 feet as shown on the Induction-Electric log of the Shell Western E & P Woods Christian Lease Well No. 68, "San Ramon" Juan Farias Survey, to 13,850 feet as shown on the Dual Induction log of the Shell Western E & P A.A. McAllen Lease Well No. 1, "Santa Anita" Manuel Gomez Survey, Hidalgo County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the McAllen Ranch (Vksbg P-V,S Cons) Field.

RULE 2: No well for gas shall hereafter be drilled nearer than FOUR HUNDRED SIXTY SEVEN (467) feet to any property line, lease line or subdivision line. There is no minimum distance between any well and any other applied for, permitted or completed well in the same reservoir on the same lease, pooled unit or unitized tract. The aforementioned distance in the above rule is a minimum distance to allow an operator flexibility in locating a well.. Provided however, that the Commission will grant exceptions to permit drilling within shorter distances than herein prescribed whenever the Commission shall have determined that such exceptions are necessary either to prevent waste or to prevent the confiscation of property. When exception to these rules is desired, application therefor shall be filed and will be acted upon in accordance with the provisions of Commission Statewide Rules 37, which applicable provisions of said rule are incorporated herein by reference.

In applying this rule the general order of the Commission with relation to the subdivision of property shall be observed.

RULE 3: The acreage assigned to the individual gas well for the purpose of allocating allowable gas production thereto shall be known as a proration unit. The standard drilling and proration units are established hereby to be EIGHTY (80) acres. No proration unit shall consist of more than EIGHTY (80) acres; provided that, tolerance acreage of ten (10) percent shall be allowed for each standard proration unit so that an amount not to exceed a maximum of EIGHTY-EIGHT (88) acres may be assigned. The two farthestmost points in any proration unit shall not be in excess of THREE THOUSAND TWO HUNDRED FIFTY (3250) feet removed from each other. Each proration unit containing less than EIGHTY (80) acres shall be a fractional proration unit. All proration units shall consist of continuous and contiguous acreage which can reasonably be considered to be productive of gas. No double assignment of acreage will be accepted.

An operator, at his option, shall be permitted to form optional drilling units of FORTY (40) acres. A proportional acreage allowable credit will be given for a well on a fractional proration unit. The two farthestmost points of a FORTY (40) acre fractional proration unit shall not be greater than TWO THOUSAND ONE HUNDRED (2100) feet removed from each other.

Operators shall file with the Commission certified plats of their properties in said field, which plats shall set out distinctly all of those things pertinent to the determination of the acreage credit claimed for each well; provided that if the acreage assigned to any proration unit has been pooled, the operator shall furnish the Commission with such proof as it may require as evidence that interests in and under such proration unit have been so pooled.

RULE 4: The daily allowable production of gas from individual wells completed in a non-associated gas reservoir of the subject field shall be determined by allocating the allowable production, after deductions have been made for wells which are incapable of producing their gas allowables, among

the individual wells in the following manner:

FIFTY percent (50%) of the total field allowable shall be allocated among the individual wells in the proportion that the acreage assigned such well for allowable purposes bears to the summation of the acreage with respect to all prorable wells producing from this field.

FIFTY percent (50%) of the total field allowable shall be allocated among the individual wells in the proportion that the deliverability of such well, as evidenced by the most recent G-10 test filed with the Railroad Commission bears to the summation of the deliverability of all prorable wells producing from this field.

It is further **ORDERED** by the Railroad Commission of Texas that the application of Shall Western E & P for suspension of the allocation formula in the McAllen Ranch (Vksbg P-V,S Cons) Field, Hidalgo County, Texas, be and is hereby approved. The allocation formula may be reinstated administratively if the market demand for gas, in the McAllen Ranch (Vksbg P-V,S Cons) Field, drops below 100% of deliverability.

Done this twenty-first day of March, 2002.

RAILROAD COMMISSION OF TEXAS

Chairman Michael L. Williams

Commissioner Charles R. Matthews

Commissioner Tony Garza

ATTEST:

Secretary